

BANK INDONESIA REGULATION  
NUMBER 10/14/PBI/2008  
CONCERNING  
FOURTH AMENDMENT TO  
BANK INDONESIA REGULATION NUMBER 4/9/PBI/2002  
CONCERNING OPEN MARKET OPERATIONS

WITH THE BLESSING OF THE ONE GOD

THE GOVERNOR OF BANK INDONESIA,

- Considering : a. whereas to enhance effectiveness of open market operations, it is necessary that Bank Indonesia reregulates transaction tenor in Fine Tune Operations;
- b. whereas pursuant to the consideration set forth in letter a, it is deemed necessary to amend for the fourth time Bank Indonesia Regulation Number 4/9/PBI/2002 concerning Open Market Operations.

In view of : Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4357).

HAS DECREED :

To enact : FOURTH AMENDMENT TO BANK INDONESIA REGULATION NUMBER 4/9/PBI/2002 CONCERNING OPEN MARKET OPERATIONS

## Article I

Article 4A in Bank Indonesia Regulation Number 4/9/PBI/2002 concerning Open Market Operations as amended for the last time by Bank Indonesia Regulation Number 7/30/PBI/2005 concerning Third Amendment to Bank Indonesia Regulation Number 4/9/PBI/2002 concerning Open Market Operations shall be amended to read as follows.

### Article 4A

- (1) Bank Indonesia shall conduct Fine Tune Operations (FTO) at any time as necessary to influence banking liquidity in a short term comprising :
  - a. Fine Tune Contraction (FTK) transactions by fund placement by Banks in Bank Indonesia or selling of securities of Bank Indonesia to Banks under repurchase agreement.
  - b. Fine Tune Expansion (FTE) transactions by buying of securities of Banks by Bank Indonesia under repurchase agreement.
- (2) The FTO as referred to in paragraph (1) shall be conducted under the following provisions.
  - a. Transaction tenor shall be 1 (one) day up to 3 (three) months and stated in calendar day/s, counted since 1 (one) day after transaction settlement date up to maturity date.
  - b. Transaction yield may be computed under true discount or simple interest formula as follows.

- 1) True discount :

$$\text{Cash Value} = \frac{\text{FTO transaction quantity} \times 360}{360 + \{(\text{FTO discount rate}) \times (\text{FTO tenor})\}}$$

$$\text{Discount Value} = \text{FTO transaction quantity} - \text{cash value}$$

- 2) Simple interest :

$$\begin{array}{c} \text{Mature FTO} \\ \text{Transaction} \\ \text{Quantity} \end{array} \times \left\{ 1 + \frac{(\text{FTO interest} \times \text{FTO tenor})}{360} \right\}$$

c. Transaction ...

- c. Transaction bidding shall be final and may not be cancelled.
- d. May not be redeemed before maturity.

## Article II

This Bank Indonesia Regulation shall come into force on the date of its enactment.

For the public to be informed, it is ordered that this Bank Indonesia Regulation be promulgated in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta

Dated September 23, 2008

THE GOVERNOR OF BANK INDONESIA,

BOEDIONO

Promulgated in Jakarta

Dated September 23, 2008

THE MINISTER OF LAW AND HUMAN RIGHTS  
OF THE REPUBLIC OF INDONESIA,

ANDI MATTALATTA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 131 OF  
2008

ELUCIDATION ...

ELUCIDATION  
TO  
BANK INDONESIA REGULATION  
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FOURTH AMENDMENT TO  
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ARTICLE BY ARTICLE

Article I

Self-explanatory.

Article II

Self-explanatory.

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF  
INDONESIA NUMBER 4891

DPM